TESTIMONY OF THE

AMERICAN PUBLIC TRANSPORTATION ASSOCIATION

BEFORE THE

SENATE COMMITTEE ON BANKING, HOUSING, AND UBRAN AFFAIRS

ON REAUTHORIZATION OF THE TRANSIT TITLE OF TEA-21

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SUBMITTED BY

American Public Transportation Association
1666 K Street, N.W.
Washington, DC 20006
(202) 496-4800

APTA is a nonprofit international association of over 1,500 public and private member organizations including transit systems and commuter rail operators; planning, design, construction and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products. Over ninety percent of persons using public transportation in the United States and Canada are served by APTA members.

INTRODUCTION

The American Public Transportation Association (APTA) appreciates the opportunity to testify on issues related to the reauthorization of the transit title of the Transportation Equity Act of the 21st Century (TEA 21), and specifically on the Administration's reauthorization proposal, called the Safe, Accountable, Flexible and Efficient Transportation Equity Act (SAFETEA).

APTA's 1,500 public and private member organizations serve the public by providing safe, efficient, and economical public transportation service, and by working to ensure that those services and products support national energy, environmental, community, and economic goals. APTA member organizations include transit systems and commuter railroads; design, construction, and finance firms; product and service providers; academic institutions; and state associations and departments of transportation. More than ninety percent of the people who use public transportation in the U.S. and Canada are served by APTA member systems.

Mr. Chairman and Members of the Committee, we want to thank you for the critical role you played in crafting TEA 21. TEA 21 has been an enormous success for the nation and transit riders in communities of all sizes. Since its enactment, transit ridership has grown by more than 21%, the FTA has entered into 18 full funding grant agreements for rail projects, and millions of the nation's citizens were given the option to use public transportation.

APTA'S REAUTHORIZATION PROPOSAL

APTA worked with its membership over the past several years to develop the transit industry's recommendations for reauthorization of the federal transit program. To guarantee maximum participation of APTA's diverse membership, APTA developed a reauthorization task force which met more than 20 times in some 14 cities throughout the nation, many in conjunction with major association meetings.

As a result of that process, APTA developed a proposal that reflects an industry consensus and builds on the extraordinary success of TEA 21. APTA's proposal retains most of the current program structure. It calls for a reauthorization of TEA 21 that is evolutionary, rather than revolutionary. It is based on the idea that a good national transportation system serves as the foundation for a strong and growing economy and that balanced investment in all modes should be encouraged under the federal program that supports our surface transportation infrastructure.

APTA's proposal is based on identified capital needs. The AASHTO Bottom Line report and a Cambridge Systematics, Inc. study both conclude that to maintain and improve public transportation some $43 billion annually would be required from all sources. APTA proposes to grow the federal transit program from $7.2 billion in FY 2003 to $14.3 billion in FY 2009. We call for the continuation of funding guarantees for both the trust fund and general fund components of the transit program that are critical to long-term capital planning conducted by transit operators. And we make a number of proposals to improve program delivery.

Mr. Chairman, our proposal would make no change to the structure of the federal transit program below the current $7.2 billion funding level. Programmatic changes are made only with funding increases. Over the course of the proposal, some 55% of increases would go right back into the existing program. Our proposal calls for extra growth for some programs, particularly for rural and smaller urban areas. It also establishes a rule that would ensure that transit formula funding never falls below $1.15 for every $1 in funding for the major capital investment programs.

Finally, APTA has made recommendations on ways to fund its proposal. It calls for maintaining the longstanding principle under which 80% of the transit program is funded from the Mass Transit Account (MTA) and 20% of the program is funded with general funds. We also support a range of ways to increase program revenue, including indexing current motor fuel user fees for inflation -- to restore the purchasing power of the user fee; scoring outlays from the Mass Transit Account in same ways as Highway Account outlays are scored; and restoring the payment of interest on trust fund balances.

APTA strongly opposes any reduction in current motor fuels user fee support for transit and recommends an 80/20 split between highways and transit for any increase in the existing motor fuels user fee. We are pleased that our transportation colleagues at AASHTO and ARTBA have also expressed their support maintaining this current structure. We particularly want to thank the leadership of this Committee for its strong, bipartisan support on this issue. We agree with the Committee that these dedicated revenues are essential to the long-term viability of the transit program and we do not want to lose a funding source that has worked so well for more than twenty years.

Mr. Chairman, in this time of slow growth, it is important to note what increased investment in surface transportation infrastructure means for jobs and the economy. Each $1 billion in federal transportation investment creates 47,500 jobs. In terms of economic impact, we were pleased to sponsor, along with the Transportation Construction Coalition, a study of a proposal to provide significant increases in highway and transit funding over the next six years. That study, by Global Insight, Inc., clearly demonstrates that increased investment in transit and highways has a significant impact on GDP and is critical to improving business productivity and strengthening the American economy. I would be pleased to submit that study for the record.

ADMINISTRATION PROPOSAL

OVERALL FUNDING LEVELS

On May 14th, the Administration submitted to Congress its proposal for TEA 21 authorization, called SAFETEA. APTA commends the overall proposal for its goals of reducing fatalities by improving highway safety, and striving for efficiency. But we are disappointed about several aspects of the proposal.

SAFETEA authorizes funding for the six-year life of the bill at $247 billion, with $45.7 billion authorized for transit, of which only $37.6 billion would be guaranteed. In our view, the proposal fails to adequately address either transit or highway needs that have been identified by the U.S. Department of Transportation and independent analyses. As noted earlier, The American Association of State

Highway and Transportation Officials and Cambridge Systematics, Inc., both estimated that transit capital needs to maintain and improve public transportation are more than $43 billion annually. This Committee's investigations have confirmed that needs exceed current resources and continue to grow.

Under TEA 21, Congress generally funded only the guaranteed portion of the transit program, and this is likely to be the case during the next authorization as well. This is where the Administration proposal is very disappointing: under it, guaranteed funding for the transit program is limited to resources from the Mass Transit Account and would rise from $5.9 billion in FY 2004 to only $6.6 billion in FY 2009 - a significant reduction from the guaranteed level of funding under TEA 21. TEA 21 provided guaranteed funding of $36 billion; the Administration's proposal would provide $37.6 billion. After inflation, this represents a real reduction. In the face of large and growing transit needs, and with the significant ridership growth brought about by TEA 21, clearly greater investment in public transportation is necessary, not less. And just as clearly, the guarantee must include the general fund portion of the program, as it does under TEA 21. This concept was established by this Committee, and it has been an essential element of TEA 21's success.

PROGRAM CHANGES

At the outset, Mr. Chairman, we do want to note there are a number of provisions in SAFETEA that would streamline federal transit program delivery and eliminate red tape. We appreciate those proposals to make the program work more effectively, and will work with the Committee staff on them. We appreciate the proposal to coordinate of drug and alcohol testing that would eliminate duplicative testing and unnecessary costs associated with redundant testing. We agree with the Administration effort on small starts. We also want to thank, in particular, Department of Transportation Secretary Mineta and FTA Administration Dorn for their efforts in recent years to improve the delivery of program resources and eliminate regulatory red tape.

At the same time, however, the Administration proposal calls for major changes in the federal transit program structure and the creation of a number of new programs without any commensurate growth in new funding. Mr. Chairman, one of our key themes is not only that TEA 21 works, but that it works extremely well. Transit ridership is up in large cities and small, and states and localities rely on the predictability of funding under the existing TEA 21 structure. That balanced structure has been in place for more than twenty years, and it has served the transit industry well. In short, we believe it is better to build on the success of the existing program and the results that that program has produced.

The Administration proposal would significantly restructure the federal transit program. It would eliminate the bus and bus facilities capital discretionary program and use funds that now go to that program for other programs. APTA supports retention of this important capital program. Transit agencies have periodic bus replacement and facility needs that cannot be met from the formula program. The role of the discretionary bus program is to address those needs. Indeed, our proposal calls for substantial growth in the bus and bus facility program to address growing needs.

The Administration proposal also would reduce the federal match under the new starts program; permit the use of new starts funds for new purposes; distribute fixed guideway modernization funds with urban formula funds; and expand the eligible use of fixed guideway modernization funds. APTA questions the need for all four proposed changes.

APTA strongly opposes any effort to reduce the federal match on new start funds. TEA 21, and ISTEA, both emphasized a planning process designed to encourage transportation decisions based on project merit and local needs. Both ISTEA and TEA 21 leveled the playing field for transit and highway investment in so far as the matching ratio is concerned. Reducing the federal share on new starts projects to a maximum of 50%, while keeping most other surface transportation federal matches at 80%, will simply bias the local decision-making process. Transportation planners at the state and local level, with excess demand for both transit and highway projects and dwindling state and local resources, will be far more likely to choose projects with the higher federal match. APTA believes that it makes more sense to address excess demand with increased funding for new start projects than it does to reduce the federal match.

The Administration proposal also would permit the use of new starts funds for "non-fixed guideway improvements to encourage, among other things, consideration of bus rapid transit options." APTA believes that Bus Rapid Transit (BRT) projects can be an effective option for communities considering fixed guideway systems. BRT systems already are eligible for new start funding, if they have "exclusive rights of way or other fixed guideway design, " and APTA supports continuation of that BRT eligibility under the new starts program. APTA and the Administration have both proposed increases in the "small starts" threshhold -- the funding level under which less expensive fixed guideway projects qualify for a simplified rating process. We believe that this would encourage BRT projects, where federal funding often stays under $75 million to $100 million. We also believe that less expensive non-fixed guideway bus systems can be funded in good measure under the existing bus discretionary program.

APTA questions the Administration proposals to distribute fixed guideway modernization funds under the urban formula program and to permit the use of fixed guideway modernization funds for non-fixed guideway modernization purposes. The fixed guideway modernization program was originally designed to ensure the proper modernization of the nation's older rail transit systems, and it helps insure that as federal new start investment projects age they can be modernized. Rail systems in large metropolitan areas carry millions of passengers each year and their ridership has grown substantially in recent years. Many of these systems are approaching capacity constraints. These funds also help systems address this growth in ridership and ensure that passengers can use these systems safely and efficiently. The Administration proposal would allow these funds to go to an urbanized area and be used for any transit purposes, not just modernization. We are concerned that diverting these funds from fixed guideway modernization, where needs far exceed available resources, would only exacerbate unmet modernization needs and potentially result in the deterioration of some of the nation's most valuable capital assets. Again, the fixed guideway modernization program has been a critical component of the federal transit program structure since 1982, and is a great success.

APTA agrees with the Administration that rural formula funding should be increased. APTA's proposal recommends a 110% increase in rural formula funding by 2009. Under APTA's proposal the rural formula program would grow to over $504 million by 2009. Under the Administration proposal, rural formula funding would be $102 million less than under APTA's proposal. While we fully support increased funding for rural public transportation, we believe that the Administration proposal to increase the program by $229 million in FY 2004 – at the same time that the total transit authorization is frozen and guaranteed funding is cut by more than $1.2 billion -- is inappropriate.

The Administration bill would distribute Job Access and Reverse Commute (JARC) grants under a formula to the states. APTA believes that the JARC program has been successful at helping get workers to jobs and training, but with the extremely minimal growth envisioned under the Administration proposal, we are concerned that formulizing the JARC program would only mean that too little funding would be spread to thinly to provide effective new programs at the local level.

NEW PROGRAMS

APTA commends the Administration for attempting to better address the transportation needs of people with disabilities, for improved intercity bus facilities, and public transportation in and around national parks. In particular, we have expressed support for transit in parks and the new freedoms initiative in the past, but we have also indicated that such programs should not be funded at the expense of existing transit programs or needs.

While APTA recognizes the need to address unmet transit needs, we also believe that current funding levels do not address needs under existing programs and that new programs should be funded with increased funding and not by reducing funding for current programs. With that principle in mind, we question the Administration's proposal to create both the New Freedoms Initiative and the Intermodal Passenger Facilities programs. Both programs address important issues, but arguably at the expense of current transit needs.

The Administration proposes to fund the New Freedoms Initiative at $145 million in FY 2004, increasing to $162 million in FY 2009. The program is intended to provide grants for "new transportation services and transportation alternatives beyond those required by the Americans with Disabilities Act." Certainly, this is a worthy use of federal funds, but transit agencies are struggling now to keep up with ADA required services and need additional funding to meet the requirements of ADA.

Similarly, while APTA appreciates the effort to fund intermodal facilities that are related to intercity bus service, this program is unlikely to provide substantial benefits to users of intracity or local public transportation bus service. The fact that it would take $75 million each year from a transit program that does not grow in FY 2004 and grows very little in subsequent years, means that it would be funded largely at the expense of already existing public transportation capital needs.

The Administration proposes to create a new "incentive tier" within both the urban and rural formula programs. In both cases, this would be a takedown from formula funding, which would be distributed to transit systems based on ridership growth. The takedown would be small in the early years and used mainly for data collection. Funding for both would, however, grow to almost $420 million by 2009 and grants are intended to provide incentives for increased ridership. APTA member transit systems are always striving to increase ridership and improve efficiency. This proposal is a "rob Peter to pay Paul" situation under a proposal that provides little growth and a cut in guaranteed funding.

APTA is not convinced that the incentive tier would actually promote increased ridership, and feels that it could hurt transit operators who have already achieved or are approaching capacity limitations. We note that also that Congress has already addressed this issue: current law contains incentive tiers under both the bus and fixed guideway factors of the existing formula program, and that those funds are awarded to systems which have high rates of ridership relative to operating costs. And we note further that APTA's proposal calls for a "high intensity small urbanized area formula program" that would provide formula bonuses to transit systems in small urban areas that provide above average levels of service.

INCREASED DEMAND

Growing demand nationwide for transit services shows the effectiveness of increased federal investment under TEA 21 and the need to continue that trend. In a recent 5-year period, transit ridership grew 22 percent, greater than the growth rate of highways and domestic air travel during the same time frame.

Support for increased transit service remains high. A February, 2003 Wirthlin Worldwide Public Opinion Poll showed 81 percent of Americans support the use of public funds for the expansion and improvement of public transportation; 56 percent say the need to reduce traffic congestion has become more important over the last 5 years. The poll also stated 57 percent agree their community needs more public transportation options, including 64 percent of urban residents, 59 percent of suburban residents, 51 percent of rural residents, and 55 percent of small-town residents. Some 64% of respondents said they would be more likely to support a Congressional candidate who supports improving public transportation options.

This poll demonstrates that support for public transportation has increased dramatically not only in our biggest cities, but in smaller urban communities and rural areas as well, where 40 percent of America's rural residents have no access to public transportation, and another 28 percent have substandard access. It is estimated that rural America has 30 million non-drivers, including senior citizens, the disabled and low-income families who need transportation options. According to a survey of APTA members, bus trips in areas with populations less than 100,000 increased from 323 million to 426 million in a recent 5 year span.

CONCLUSION

Mr. Chairman and Members of the Committee, we thank you for your effort to address public transportation needs in the next authorization bill and for your leadership in developing the existing law. TEA 21 was an enormous success for public transportation. Increased investment in our public transportation infrastructure can improve service for millions of citizens who use transit, make the existing highway system in metropolitan areas work more efficiently and reduce the need to build costly new highways in those same areas. It can reduce congestion and pollution in and around our cities, get rural residents where they need to go, and provide a lifeline to medical services and jobs for Americans who do not have access to private automobiles.

Public transportation is an important component of the nation's transportation system and we need to invest in that entire system if we are to keep pace with the growing demand for transit service and preservation of the existing federal investment in the transit infrastructure. Mr. Chairman, we look forward to your leadership and to working with you and the other Members of the Committee as it crafts and advances legislation to reauthorize the federal transit program. We would be pleased to answer questions you may have on APTA's proposal or our testimony.